

Message Text

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ACTION ARA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-03 H-01

INR-07 L-02 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02

OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 IO-10 OIC-02

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R 262000Z FEB 75

FM AMCONSUL SAO PAULO

TO SECSTATE WASHDC 6034

INFO AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY VIENNA

C O N F I D E N T I A L SECTION 1 OF 2 SAO PAULO 504

E.O. 11652: GDS

TAGS: EINV, ETRD, EFIN, BR

SUBJECT: BRAZILIAN GOVERNMENT REPORTEDLY ORGANIZING FOREIGN
INVESTMENT SYMPOSIUM IN AUSTRIA, MAY 26 AND 27

1. SUMMARY: ACCORDING TO THE PRESIDENT OF THE GERMAN/
BRAZILIAN CHAMBER OF COMMERCE, THE GOB IS ORGANIZING A
"FIRST INTERNATIONAL SYMPOSIUM ON FOREIGN INVESTMENT" IN
BRAZIL", TO BE HELD AT SALZBURG, AUSTRIA, MAY 27 AND 27, AND
ATTENDED BY BRAZILIAN CABINET-LEVEL OFFICIALS. THE AMERICAN
CHAMBER IN SAO PAULO AGREES THAT IT WILL COOPERATE AND WILL
PROBABLY SEND A REPRESENTATIVE TO SALZBURG. HOWEVER, THE
CHAMBER WILL ATTEMPT TO USE THIS GOB REQUEST FOR ASSISTANCE AS
LEVERAGE TO OBTAIN FIRMER COMMITMENTS FROM THE GOB WITH
RESPECT TO TREATMENT OF FOREIGN FIRMS IN THE AREAS OF GOB PRICE
FIXING POLICIES THROUGH THE BRAZILIAN PRICE CONTROL AGENCY (CIP)
AND FOREIGN CAPITAL REQUIREMENTS FOR EXPANSION PROJECTS APPROVED
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BY THE COUNCIL OF INDUSTRIAL DEVELOPMENT (CDI).

2. FOLLOWING IS A FREE TRANSLATION OF THE TEXT OF A LETTER FROM THE PRESIDENT OF THE GERMAN/BRAZILIAN CHAMBER OF COMMERCE TO THE PRESIDENT OF THE AMERICAN CHAMBER IN SAO PAULO, BRAZIL. QUOTE

3. JANUARY 29, 1975

MR. JULIAN B. TIMBERLAKE
PRESIDENT OF THE
AMERICAN CHAMBER OF COMMERCE FOR BRAZIL
RUA FORMOSA, 367 - 29TH FLOOR
SAO PAULO, CAPITAL

4. MY DEAR PRESIDENT:

5. I AM PLEASED TO INFORM YOU THAT ON THE INITIATIVE OF THE BRAZILIAN GOVERNMENT, THE FIRST INTERNATIONAL SYMPOSIUM ON FOREIGN INVESTMENTS IN BRAZIL IS BEING ORGANIZED AND WILL BE HELD IN SALZBURG (AUSTRIA), MAY 26 AND 27.

6. THIS EVENT WILL HAVE THE DIRECT SUPPORT AND PARTICIPATION OF THE SECRETARY OF PLANNING OF THE PRESIDENCY OF THE REPUBLIC AND OF THE MINISTRIES OF FOREIGN RELATIONS, OF FINANCE, OF AGRICULTURE, AND OF INDUSTRY AND COMMERCE, AS WELL AS THE CENTRAL BANK OF BRAZIL, THE NATIONAL BANK FOR ECONOMIC DEVELOPMENT, AND THE BANK OF BRAZIL S.A.

7. MINISTERS MARIO HENRIQUE SIMONSEN, JOAO PAULO DOS REIS VELLOSO AND ALYSSON PAULINELLI WILL HONOR THE CONFERENCE WITH THEIR PRESENCE, ON WHICH OCCASION EACH ONE WILL BE MAKING PUBLIC STATEMENTS CONCERNING THE OFFICIAL POSITION OF THE FEDERAL GOVERNMENT AS REGARDS THE ADVANTAGES OF THRE GROWTH IN FOREIGN INVESTMENTS IN BASIC SECTORS OF THE BRAZILIAN ECONOMY. IN ORDER TO BE ABLE TO TAKE PART AND DISCUSS THE PROSPECTS WHICH THIS POLICY OFFERS, REPRESENTATIVES OF THE HIGHEST LEVELS IN INDUSTRY AND FINANCE OF THE COUNTRIES WHICH MAINTAIN CHAMBERS OF COMMERCE AND INDUSTRY IN BRAZIL, INTERESTED IN REALIZING INVESTMENTS, WILL BE INVITED TO PARTICIPATE.

8. I HAVE RECEIVED A SUGGESTION FROM HIGH GOVERNMENT LEVELS, WHICH SEEMS MOST APPROPRIATE TO ME, THAT THE FOREIGN CHAMBERS
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OF COMMERCE ESTABLISHED HERE COULD ACTIVELY SUPPORT THIS SYMPOSIUM, WHICH BESIDES LENDING PRESTIGE TO THE CONFERENCE, WOULD FURNISH AN EXCELLENT OPPORTUNITY FOR US TO LEND PRESTIGE TO AN INITIATIVE OF RELEVANT INTEREST TO BRAZIL.

9. I HAD THE OPPORTUNITY OF PUTTING THIS MATTER FORWARD AT THE COUNCIL OF FOREIGN CHAMBERS OF COMMERCE ON THE 20TH OF THIS MONTH AND, DULY CHARGED WITH COORDINATING THIS MATTER, I HAVE

THE HONOR AND PLEASURE OF REQUESTING YOUR VALUABLE COLLABORATION AND THAT OF THE ENTITY OVER WHICH YOU PRESIDE IN THE ATTAINMENT OF THIS OBJECTIVE; I WOULD, THEREFORE, BE EXTREMELY GLAD TO BE ABLE TO COUNT ON YOUR PRESENCE AT THE MEETING WHICH THE PRESIDENTS OF THE CHAMBERS OF COMMERCE, TOGETHER WITH THEIR FELLOW COUNCILORS, WILL HOLD IN THE NEAR FUTURE WITH MINISTER REIS VELLOSO - ON A DATE AND PLACE TO BE ANNOUNCED - WHEN THE PROGRAM OF THE AGENDA OF THE SYMPOSIUM WILL BE MADE PUBLIC.

10. AWAITING THE HONOR OF YOUR PRESENCE AND YOUR COOPERATION, I PLACE MYSELF AT YOUR ENTIRE DISPOSAL FOR SUPPLYING ANY INFORMATION AND EVENTUAL CLARIFICATION WHICH YOU MAY DEEM NECESSARY.

1. CORDIALLY,
WOLFGANG SAUER, PRESIDENT

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C O N F I D E N T I A L SECTION 2 OF 2 SAO PAULO 504

12. THIS LETTER WAS DISCUSSED AT LENGTH DURING THE MONTHLY MEETING OF THE ECONOMIC COMMITTEE OF THE AMERICAN CHAMBER

HERE ON FEBRUARY 21. THE MEMBERSHIP FELT THAT THE BRAZILIAN REQUEST FOR ASSISTANCE FROM FOREIGN CHAMBERS IN BRAZIL PROVIDES A POTENTIAL OPPORTUNITY TO EXTRACT FROM THE GOB ASSURANCES OF CONSISTENT TREATMENT OF FOREIGN FIRMS IN THE FUTURE WITH RESPECT TO GOB PRICE FIXING POLICIES OF THE CIP AND CAPITALIZATION NORMS FOR EXPANSION PROJECTS APPROVED BY CDI. MANY AMERICAN BUSINESSMEN HERE FEEL THAT BOTH CIP AND CDI ARE TOO OFTEN ARBITRARY IN THEIR RULINGS. AT THIS MEETING OF THE ECONOMIC COMMITTEE, FOR EXAMPLE, ONE COMPANY PRESIDENT REPORTED THAT AFTER CDI APPROVED A MAJOR PLANT EXPANSION, THEY ALTERED THE TERMS TO REQUIRE THE AMERICAN PARENT TO PUT UP SEVENTY EIGHT PERCENT OF THE REQUIRED CAPITAL.

13. THE ECONOMIC COMMITTEE DECIDED TO SEEK THESE ASSURANCES FROM THE GOB THROUGH SECRETARY FOR PLANNING OF THE COUNCIL OF CONFIDENTIAL

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MINISTERS REIS VELLOSO, AND TO THAT END THEY INTEND TO EXTEND AN INVITATION TO HIM TO MEET WITH A SELECT GROUP OF AMCHAM LEADERS HERE IN THE FUTURE FOR AN INFORMAL OFF-THE-RECORD GIVE-AND-TAKE SESSION.

14. MR. SAUER, IT SHOULD BE NOTED, IS PRESIDENT OF VOLKSWAGEN DO BRAZIL, AND VW IS DEEPLY INVOLVED IN A MAJOR PLANT EXPANSION AT THE PRESENT.

15. REGARDING THE SELECTION OF SALZBURG AS THE SITE FOR THIS SYMPOSIUM, THERE WAS A CONSENSUS AMONG THE MEMBERS OF THE CHAMBER'S ECONOMIC COMMITTEE THAT SALZBURG WAS SELECTED BECAUSE IT IS EQUALLY ACCESSIBLE FROM EAST AND WEST EUROPE, AND THE MIDDLE EAST.

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